

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
CITY OF LANSING, KANSAS
DECEMBER 31, 2017

CONTENTS

	Page
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	8
STATEMENT OF ACTIVITIES	9
FUND FINANCIAL STATEMENTS	
BALANCE SHEET - GOVERNMENTAL FUNDS	10
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION	11
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	12
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	13
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - MAJOR FUNDS	
GENERAL FUND	14
CONSOLIDATED STREET AND HIGHWAY FUND	15
STATEMENT OF NET POSITION - PROPRIETARY FUNDS	16
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS	18
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	19
STATEMENT OF FIDUCIARY NET POSITION	21
NOTES TO THE FINANCIAL STATEMENTS	22
OTHER FUND STATEMENTS AND SCHEDULES	
COMBINING BALANCE SHEET - OTHER NONMAJOR GOVERNMENTAL FUNDS	42
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER NONMAJOR GOVERNMENTAL FUNDS	43
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE	44
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE	46
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS	48
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS	49
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL	
DEBT SERVICE FUND	50
TRANSIENT GUEST TAX FUND	51
MAYOR'S CHRISTMAS FUND	52
SPECIAL ALCOHOLIC LIQUOR FUND	53
SPECIAL PARKS AND RECREATION FUND	54
LIBRARY FUND	55
KS REGIONAL PRISONS MUSEUM FUND	56
SALES TAX (\$.45) FUND	57

CONTENTS - CONTINUED

	Page
OTHER FUND STATEMENTS AND SCHEDULES - CONTINUED	
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - SEWER	58
COMBINING STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUNDS	59
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS	60
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE BY SOURCE	61



Certified Public Accountants
and Management Consultants

Heather R. Eichen, CPA
Brian J. Florea, CPA
John R. Helms, CPA
Eric L. Otting, CPA

Darrell D. Loyd, CPA
Jere Noe, CPA
John E. Wendling, CPA
Barry W. Boyles, CPA
Adam C. Crouch, CPA
Ashley R. Davis, CPA

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Mayor and Members
of the City Council
City of Lansing, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lansing, Kansas, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

The financial statements include partial and summarized prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2016, from which such partial and summarized information was derived.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit and Accounting Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lansing, Kansas, as of December 31, 2017, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General and Consolidated Street and Highway funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 50 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required management discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lansing's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Lansing, Kansas.

The combining and individual nonmajor fund financial statements, budgetary schedules, and capital asset schedule are the responsibility of management and were derived from and relate directly to the underlying accounting records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wendy Nal Nelson & Tol LLC

Topeka, Kansas
May 29, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Lansing, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Lansing for the calendar year ended December 31, 2017.

Financial Highlights

- Assets of the City of Lansing exceeded its liabilities at the close of the most recent calendar year by \$14,595,636.
- At the close of the current calendar year, the City of Lansing's governmental funds reported combined ending fund balances of \$3,933,305.
- At the end of the current calendar year, the unassigned fund balance for the general fund was \$1,717,850.
- The City's total term-debt decreased by \$2,202,168 during the current calendar year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Lansing's basic financial statements. The City of Lansing's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Lansing's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Lansing's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Lansing is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent calendar year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Lansing that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Lansing include general government, public safety, public works (roads, utilities and traffic controls), parks and recreation, library and employee benefits. The business-type activities of the City of Lansing include wastewater and solid waste activities. The City of Lansing has no component units, which are entities that are legally separate, but for which the City is financially accountable.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Lansing, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Lansing can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the calendar year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the city's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The basic governmental funds financial statements can be found on pages 10 and 12 of this report.

The City of Lansing adopts an annual appropriated budget for all governmental funds as required by state statute.

Proprietary funds. The City of Lansing maintains two proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Lansing uses enterprise funds to account for its Wastewater and Solid Waste activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Wastewater Fund and other proprietary funds, namely, Solid Waste activities, which is not considered to be a major fund of the City. The basic proprietary fund financial statements can be found on pages 16-20 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not available to support the City of Lansing's own programs and, therefore, are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 21 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Lansing, assets exceeded liabilities by \$14,595,636 at the close of 2017.

By far, the largest portion of the City of Lansing's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of Lansing used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Lansing's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

CITY OF LANSING CONDENSED NET ASSETS
December 31, 2017

	Governmental activities 2017	Business-type activities 2017	Total 2017
Current and other assets	\$ 8,079,554	\$ 3,944,885	\$12,024,439
Capital assets	<u>22,461,626</u>	<u>11,580,657</u>	<u>34,042,283</u>
Total assets	<u>30,541,180</u>	<u>15,525,542</u>	<u>46,066,722</u>
Long-term liabilities outstanding	24,630,332	222,397	24,852,729
Current and other liabilities	<u>6,471,698</u>	<u>146,659</u>	<u>6,618,357</u>
Total liabilities	<u>31,102,030</u>	<u>369,056</u>	<u>31,471,086</u>
Net position			
Invested in capital assets, net of related debt	(1,244,067)	11,580,657	10,336,590
Restricted	534,111		534,111
Unrestricted	<u>149,106</u>	<u>3,575,829</u>	<u>3,724,935</u>
Total net position	<u>\$ (560,850)</u>	<u>\$15,156,486</u>	<u>\$14,595,636</u>

A portion of the City of Lansing's net position, \$534,111, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$3,724,935, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current calendar year, the City of Lansing is able to report positive balances in all three categories of net position, for the government as a whole.

Financial Analysis of the Government's Funds

As noted earlier, the City of Lansing uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The financial reporting focus of the City of Lansing's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the City of Lansing's financing requirements. In particular, the unreserved fund balance may serve as useful measure of a government's net resources available for spending at the end of the calendar year.

As of the end of the current calendar year, the City of Lansing's governmental funds reported combined ending fund balances of \$3,933,305. Of this total amount \$3,918,130 constitutes the portion of the fund balance, which is available to meet the future financial needs of the City. The remainder of the fund balance is nonspendable to indicate that it is not available for new spending because it has already been expended.

The general fund is the chief operating fund of the City of Lansing. At the end of the current calendar year, unassigned fund balance of the general fund was \$1,717,850. The City of Lansing's general fund balance increased by \$252,650 during the current calendar year.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Proprietary funds. The City of Lansing's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The ending net assets for the proprietary funds were \$15,156,486, a net decrease of \$306,046.

The unrestricted net assets of the two enterprise funds totaled \$3,575,829.

General Fund Budgetary Highlights

The City continues to develop long term strategies to manage debt, while limiting the fiscal burden on the citizens of Lansing. Management is watching the City's debt load to ensure that future revenues will be sufficient to retire the debt without jeopardizing essential City services.

Revenues for the general fund operations were more than estimated by \$146,863, and departmental expenditures on the budgetary basis were less than appropriated amounts by \$1,152,188.

Transfers out of the general fund totaled \$1,029,357 for the year ended December 31, 2017 (see Statement of Revenues, Expenditures, and Change in Fund Balances on page 12 of this report).

Revenues from ad valorem taxes represented the largest general fund revenue source with collections totaling \$2.42 million or 43 percent of all general fund revenues. At \$2.03 million or 36 percent of all general fund revenue collected, current year retail sales and use taxes represent the second largest revenue source for the general fund. The Mill Levy decreased by 0.018 in 2017, moving from 41.838 in 2016 to 41.820 in 2017.

Enterprise Operations

The City's enterprise operations consist of two separately accounted for operations which are administered by two different departments: Finance and Wastewater. Operating revenues for the City's combined enterprise operations increased by \$268,373. The key factors in this increase are a utility rate increase on residential and commercial utility accounts and a proactive approach to collecting delinquent balances.

Capital Asset and Debt Administration

Capital assets. The City of Lansing's investment in capital assets for its governmental and business type activities as of December 31, 2017, amount to \$34,042,283 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, park and municipal facilities, roads, highways and sidewalks. The total increase in the City of Lansing's investment in capital assets for the current calendar year was \$610,818. Details of the City of Lansing's capital assets are continued in Note C - 3 to financial statement on pages 30 - 31.

Long-term debt. At the end of the current calendar year, the City of Lansing had total debt outstanding of \$24,111,670, which comprises debt backed by the full faith and credit of the City. (More detailed information about the agency's long-term liabilities is presented in Note D to the financial statement on pages 33 - 34.)

The City of Lansing's total debt decreased by 8 percent during the current year.

The City of Lansing continues to pay down its debt, retiring \$2,316,144 of outstanding debt during the current fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Economic Factors and Next Year's Budgets and Rates

The local economy of City of Lansing is showing improvement from prior years. There has been moderate growth in sales tax revenues. The City continues to limit expenditures to ensure long-term financial sustainability. The assessed valuation is not estimated to change significantly for 2018.

In adopting the budget for the ensuing calendar year 2018, City officials considered many factors in making judgments and estimates about the finances of the upcoming year.

Upcoming and current capital projects scheduled are:

- Street, Sidewalk, and Drainage Projects
- DeSoto Road Project
- 9 Mile Creek Sewer Project
- Improvements to Bernard Park

The primary objective of the Council was to continue to provide basic City services to the citizens, while attempting to keep the property tax rate substantially the same. The City's Mill Levy rate of 41.820 in 2017 decreased by .264 to 41.556 for 2018. The dollar value equivalent is a \$3.04 decrease in taxes paid on a \$100,000 home.

Requests for Information

This financial report is designed to provide a general overview of the City of Lansing's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Finance Department, 800 1st Terrace, Lansing, Kansas 66043.

CITY OF LANSING, KANSAS
STATEMENT OF NET POSITION

December 31, 2017

With comparative totals for December 31, 2016

	Primary government		Totals	
	Governmental activities	Business- type activities	2017	2016
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Cash and cash equivalents	\$ 4,142,752	\$ 2,429,514	\$ 6,572,266	\$ 8,485,867
Receivables	3,350,940	1,482,818	4,833,758	4,681,235
Inventory	15,175		15,175	14,072
Capital assets				
Land	991,774		991,774	991,774
Depreciable buildings, property and equipment, net of depreciation	19,372,722	11,580,657	30,953,379	28,038,894
Construction in progress	2,097,130		2,097,130	4,400,797
Total assets	<u>29,970,493</u>	<u>15,492,989</u>	<u>45,463,482</u>	<u>46,612,639</u>
Deferred outflows of resources				
Pension	570,687	32,553	603,240	750,058
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable	97,989	71,397	169,386	224,262
Customer deposits		23,926	23,926	20,551
Accrued interest payable	219,953		219,953	249,568
Salaries and wages payable	126,633	37,005	163,638	152,046
Noncurrent liabilities				
Net pension liability	3,024,479	222,397	3,246,876	3,389,212
Due within one year	2,505,817		2,505,817	2,429,038
Due in more than one year	21,605,853		21,605,853	23,884,800
Total liabilities	<u>27,580,724</u>	<u>354,725</u>	<u>27,935,449</u>	<u>30,349,477</u>
Deferred inflows of resources				
Deferred receivable - property taxes	3,350,940		3,350,940	3,329,228
Pension	170,366	14,331	184,697	158,272
Total deferred inflows of resources	<u>3,521,306</u>	<u>14,331</u>	<u>3,535,637</u>	<u>3,487,500</u>
NET POSITION				
Invested in capital assets, net of related debt	(1,244,067)	11,580,657	10,336,590	9,698,636
Restricted for debt service	534,111		534,111	700,457
Unrestricted	149,106	3,575,829	3,724,935	3,126,627
Total net position	<u>\$ (560,850)</u>	<u>\$15,156,486</u>	<u>\$14,595,636</u>	<u>\$13,525,720</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF ACTIVITIES
Year ended December 31, 2017
With comparative totals for December 31, 2016

	<u>Expenses</u>	<u>Program revenues</u>			<u>Net (expense) revenue and changes in net assets</u>			
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	<u>Primary government</u>		<u>Totals</u>	
					<u>Governmental activities</u>	<u>Business-type activities</u>	<u>2017</u>	<u>2016</u>
Functions/programs								
Primary government								
Governmental activities								
General government	\$ (1,767,532)	\$ 647,306	\$610,500	\$ -	\$ (509,726)	\$ -	\$ (509,726)	\$ (672,688)
Public safety	(1,531,922)	11,202	10,834		(1,509,886)		(1,509,886)	(1,414,656)
Public works	(1,882,493)				(1,882,493)		(1,882,493)	(1,403,965)
Library	(274,966)		179		(274,966)		(274,966)	(257,332)
Culture and recreation	(982,268)				(982,089)		(982,089)	(740,293)
Planning and zoning	(1,120,312)				(1,120,312)		(1,120,312)	(931,783)
Interest	(702,361)				(702,361)		(702,361)	(719,750)
Total governmental activities	(8,261,854)	658,505	621,513	-	(6,981,833)	-	(6,981,833)	(6,140,467)
Business-type activities								
Sewer Utility	(1,814,426)	2,894,727				1,080,301	1,080,301	891,269
Refuse Utility	(506,956)	631,012				124,056	124,056	167,365
Total business-type activities	(2,321,382)	3,525,739	-	-	-	1,204,357	1,204,357	1,058,634
Total primary government	<u>\$ (10,583,236)</u>	<u>\$4,184,244</u>	<u>\$621,513</u>	<u>\$ -</u>	<u>(6,981,833)</u>	<u>1,204,357</u>	<u>(5,777,476)</u>	<u>(5,081,833)</u>
General revenues								
Property taxes					3,491,396		3,491,396	3,558,223
Sales taxes					2,067,654		2,067,654	1,923,021
Franchise taxes					668,049		668,049	663,183
Motor fuel taxes					438,422		438,422	422,703
Alcoholic beverage taxes					10,834		10,834	12,022
Transient guest taxes					89,946		89,946	102,166
Investment earnings					11,251	2,376	13,627	1,135
Original issue premium					54,663		54,663	87,869
Gain (loss) on sale of assets					31,870	(19,069)	12,801	
Transfers					1,493,710	(1,493,710)		
Total general revenues and transfers					8,357,795	(1,510,403)	6,847,392	6,770,322
Change in net position					1,375,962	(306,046)	1,069,916	1,688,489
Net position beginning of year					(1,936,812)	15,462,532	13,525,720	11,837,231
Net position end of year					<u>\$ (560,850)</u>	<u>\$15,156,486</u>	<u>\$14,595,636</u>	<u>\$13,525,720</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017
With comparative totals for December 31, 2016

	General	Special Revenue Fund Consolidated Street and Highway	Debt Service Fund	Other governmental funds	Totals	
					2017	2016
ASSETS						
Cash and equity in Treasurer's fund	\$1,909,370	\$462,941	\$ 534,111	\$1,236,330	\$4,142,752	\$6,238,637
Property taxes receivable	2,245,115		859,693	246,132	3,350,940	3,405,384
Inventory	15,175				15,175	14,072
Total assets	<u>\$4,169,660</u>	<u>\$462,941</u>	<u>\$1,393,804</u>	<u>\$1,482,462</u>	<u>\$7,508,867</u>	<u>\$9,658,093</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Accounts payable	\$ 82,711	\$ 2,069	\$ -	\$ 13,209	\$ 97,989	\$ 149,947
Salaries and wages payable	108,809	9,714		8,110	126,633	121,554
Total liabilities	<u>191,520</u>	<u>11,783</u>	<u>-</u>	<u>21,319</u>	<u>224,622</u>	<u>271,501</u>
Deferred inflows of resources						
Deferred receivable - property taxes	<u>2,245,115</u>		<u>859,693</u>	<u>246,132</u>	<u>3,350,940</u>	<u>3,329,228</u>
FUND BALANCES						
Nonspendable	15,175				15,175	14,072
Restricted		451,158	534,111	657,972	1,643,241	1,742,264
Committed						
Assigned				557,039	557,039	2,835,828
Unassigned	<u>1,717,850</u>				<u>1,717,850</u>	<u>1,465,200</u>
Total fund balances	<u>1,733,025</u>	<u>451,158</u>	<u>534,111</u>	<u>1,215,011</u>	<u>3,933,305</u>	<u>6,057,364</u>
Total liabilities and fund balances	<u>\$4,169,660</u>	<u>\$462,941</u>	<u>\$1,393,804</u>	<u>\$1,482,462</u>	<u>\$7,508,867</u>	<u>\$9,658,093</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
Year ended December 31, 2017

Amounts reported for governmental activities in the statement of net position differ from the fund balances of governmental funds on the preceding balance sheet as shown in the following reconciliation:

Fund balances of governmental funds from the balance sheet	\$ 3,933,305
Capital assets, net of depreciation, used in governmental activities are not financial resources, and so have not been reported on the balance sheet	22,461,626
Pension contributions are reported as expense in the funds and as a deferred outflow of resources in the governmental activities in the statement of net position	570,687
Pension fundings are reported as a revenue in the funds and as a deferred inflow of resources in the governmental activities in the statement of net position	(170,366)
Long-term liabilities, such as bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	
Bonds payable	(22,980,000)
Premium on bonds and notes issued	(862,532)
Capital lease payable	(117,370)
Compensated absences	(151,768)
Accrued interest on long-term debt	(219,953)
Net pension liability	<u>(3,024,479)</u>
Net assets of governmental activities as reported on the statement of net position	<u>\$ (560,850)</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Year ended December 31, 2017

With comparative totals for December 31, 2016

	General	Special Revenue Fund Consolidated Street and Highway	Debt Service Fund	Other governmental funds	Totals	
					2017	2016
Revenues						
Taxes and special assessments	\$ 4,458,772	\$ -	\$1,206,592	\$ 432,889	\$ 6,098,253	\$ 6,018,012
Intergovernmental		363,040		231,292	594,332	570,976
Licenses, permits and franchise taxes	757,927				757,927	757,156
Fines and forfeitures	450,163				450,163	446,073
Interest	4,753	651	1,825	4,021	11,250	915
Other	11,528	1,350		164,640	177,518	234,268
Total revenues	5,683,143	365,041	1,208,417	832,842	8,089,443	8,027,400
Expenditures						
Current						
General government	1,656,599			128,237	1,784,836	1,852,505
Public safety	1,486,172			21,962	1,508,134	1,386,940
Public works	642,384	452,545		1,182,991	2,277,920	1,767,774
Culture and recreation	714,878			480,240	1,195,118	921,688
Social services						
Construction and engineering				2,056,228	2,056,228	3,000,041
Neighborhood revitalization rebate						27,360
Debt service						
Principal - bonds			2,150,000		2,150,000	1,445,000
Principal - temporary notes						4,450,000
Interest and commissions			731,976		731,976	662,549
Total expenditures	4,500,033	452,545	2,881,976	3,869,658	11,704,212	15,513,857
Excess (deficiency) of revenue over expenditures	1,183,110	(87,504)	(1,673,559)	(3,036,816)	(3,614,769)	(7,486,457)
Other financing sources (uses)						
Proceeds - general obligation bonds						8,135,000
Other costs of issuance			(3,000)		(3,000)	(218,279)
Original issue premiums						506,359
Deposit to escrow fund for bonds refunded						(1,655,000)
Transfers in	100,000	120,000	1,510,213	909,357	2,639,570	1,985,977
Transfers out	(1,029,357)			(116,503)	(1,145,860)	(1,003,077)
Total other financing sources (uses)	(929,357)	120,000	1,507,213	792,854	1,490,710	7,750,980
Net change in fund balances	253,753	32,496	(166,346)	(2,243,962)	(2,124,059)	264,523
Fund balances at beginning of year	1,479,272	418,662	700,457	3,458,973	6,057,364	5,792,841
Fund balances at end of year	\$ 1,733,025	\$451,158	\$ 534,111	\$1,215,011	\$ 3,933,305	\$ 6,057,364

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year ended December 31, 2017

Amounts reported for governmental activities in the statement of revenues, expenditures, and changes in fund balances of governmental funds differ from the amounts reported in the government-wide statement of activities as shown in the following reconciliation:

Net changes in fund balances - total from the preceding Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds	\$(2,124,059)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,319,617
Issuance of long-term debt, such as bonds and temporary notes, provides current financial resources to governmental funds, and the repayment of long-term debt uses those resources; however, neither transaction has any effect on net assets. The City entered into capital leases of \$113,976. Amortization of premiums on bonds issued of \$54,663. The City retired \$2,150,000 of bonds, \$107,840 of capitalized leases, and had a change in interest of \$29,615. The net effect of these differences is this amount.	2,228,142
Compensated absences, such as vacation, are reported in the statement of activities, but do not require the use of current financial resources and, therefore, are not reported in the governmental funds.	3,640
Pension payments are reported in the governmental funds and do not affect the statement of activities	<u>(51,378)</u>
Change in net assets of governmental activities as shown on the government-wide statement of activities	<u>\$1,375,962</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
Year ended December 31, 2017

	Budgeted amounts		Actual	Variance
	Original	Final	amounts	with final budget positive (negative)
Revenues				
Property tax	\$2,080,299	\$2,080,299	\$2,133,705	\$ 53,406
Auto ad valorem tax	249,603	249,603	282,860	33,257
Local alcoholic liquor tax	10,628	10,628	10,834	206
Local retail sales tax	1,560,000	1,560,000	1,723,019	163,019
Compensation use tax	265,000	265,000	308,354	43,354
Franchise fees	669,800	669,800	668,049	(1,751)
Licenses and permits	100,600	100,600	89,878	(10,722)
Fines and forfeitures	586,600	586,600	450,163	(136,437)
Interest	200	200	4,753	4,553
Other	13,550	13,550	11,528	(2,022)
Total revenues	5,536,280	5,536,280	5,683,143	146,863
Expenditures				
General government				
City administrator	142,798	142,798	141,013	1,785
Administration	1,448,125	1,448,125	539,997	908,128
Municipal court	193,849	193,849	181,695	12,154
Building maintenance	84,809	84,809	79,020	5,789
Community development	248,153	248,153	208,029	40,124
Economic development	278,408	278,408	283,220	(4,812)
Finance department	214,846	214,846	223,625	(8,779)
Public safety				
Police	1,599,319	1,599,319	1,486,172	113,147
Emergency preparedness	3,000	3,000		3,000
Public works				
General	325,073	325,073	302,232	22,841
Streets	237,844	237,844	160,997	76,847
Street lighting	177,900	177,900	179,155	(1,255)
Culture and recreation				
Parks and recreation	525,816	525,816	563,180	(37,364)
Activity center	116,125	116,125	112,679	3,446
Historical society	44,279	44,279	33,334	10,945
Community center	11,877	11,877	5,685	6,192
Total expenditures	5,652,221	5,652,221	4,500,033	1,152,188
Excess (deficit) of revenues over expenditures	(115,941)	(115,941)	1,183,110	1,299,051
Other financing sources				
Transfers in	100,000	100,000	100,000	
Transfers out	(1,029,357)	(1,029,357)	(1,029,357)	
Total other financing sources (uses)	(929,357)	(929,357)	(929,357)	-
Net change in fund balance	(1,045,298)	(1,045,298)	253,753	1,299,051
Beginning fund balance	1,045,298	1,045,298	1,479,272	433,974
Ending fund balance	\$ -	\$ -	\$1,733,025	\$1,733,025

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
CONSOLIDATED STREET AND HIGHWAY FUND
Year ended December 31, 2017

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>with final</u> <u>budget</u> <u>positive</u> <u>(negative)</u>
Revenues				
Intergovernmental revenue	\$334,350	\$334,350	\$363,040	\$ 28,690
Interest	25	25	651	626
Other	<u>2,500</u>	<u>2,500</u>	<u>1,350</u>	<u>(1,150)</u>
Total revenues	336,875	336,875	365,041	28,166
Expenditures				
Public works	<u>760,136</u>	<u>760,136</u>	<u>452,545</u>	<u>307,591</u>
Excess (deficit) of revenues over expenditures	(423,261)	(423,261)	(87,504)	335,757
Other financing sources				
Transfer in	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	
Net change in fund balance	(303,261)	(303,261)	32,496	335,757
Beginning fund balance	<u>303,493</u>	<u>303,493</u>	<u>418,662</u>	<u>115,169</u>
Ending fund balance	<u>\$ 232</u>	<u>\$ 232</u>	<u>\$451,158</u>	<u>\$450,926</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2017

With comparative totals for December 31, 2016

	Business-type activities			
	Enterprise funds			
	Sewer Utility	Nonmajor Enterprise Fund Refuse Utility	Totals	
			2017	2016
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current assets				
Cash and equity in Treasurer's fund	\$ 2,132,982	\$296,532	\$ 2,429,514	\$ 2,247,230
Accounts receivable	<u>1,163,811</u>	<u>319,007</u>	<u>1,482,818</u>	<u>1,275,851</u>
Total current assets	<u>3,296,793</u>	<u>615,539</u>	<u>3,912,332</u>	<u>3,523,081</u>
Noncurrent assets				
Capital assets				
Depreciable buildings, property, and equipment, net of depreciation	<u>11,580,657</u>		<u>11,580,657</u>	<u>12,289,455</u>
Total assets	<u>14,877,450</u>	<u>615,539</u>	<u>15,492,989</u>	<u>15,812,536</u>
Deferred outflows of resources				
Pension plan	20,266		20,266	31,694
Pension contributions remitted subsequent to the measurement date	<u>12,287</u>		<u>12,287</u>	<u>13,902</u>
Total deferred outflows of resources	<u>32,553</u>	<u>-</u>	<u>32,553</u>	<u>45,596</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Current liabilities				
Accounts payable	27,300	44,097	71,397	74,315
Salaries and wages payable	37,005		37,005	30,492
Customer deposits	<u>23,926</u>		<u>23,926</u>	<u>20,551</u>
Total current liabilities	<u>88,231</u>	<u>44,097</u>	<u>132,328</u>	<u>125,358</u>
Noncurrent liabilities				
Net pension liability	<u>222,397</u>		<u>222,397</u>	<u>255,799</u>
Total liabilities	<u>324,959</u>	<u>44,097</u>	<u>369,056</u>	<u>395,600</u>
Deferred inflows of resources				
Pension plan	14,331		14,331	14,443

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - CONTINUED

December 31, 2017

With comparative totals for December 31, 2016

	Business-type activities Enterprise funds			
	Sewer Utility	Nonmajor Enterprise Fund Refuse Utility	Totals	
			2017	2016
NET ASSETS				
Invested in capital assets, net of related debt	\$11,580,657	\$ -	\$11,580,657	\$12,289,455
Unrestricted	<u>3,004,387</u>	<u>571,442</u>	<u>3,575,829</u>	<u>3,173,077</u>
Total net position	<u>\$14,585,044</u>	<u>\$571,442</u>	<u>\$15,156,486</u>	<u>\$15,462,532</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

Year ended December 31, 2017

With comparative totals for December 31, 2016

		Business-type activities Enterprise funds		
		Nonmajor Enterprise Fund Refuse Utility	Totals	
	Sewer Utility	Utility	2017	2016
Operating revenues				
Sewer service charges	\$ 2,891,752	\$ -	\$ 2,891,752	\$ 2,620,128
Refuse service charges		628,194	628,194	625,529
Other income	2,975	2,818	5,793	11,709
Total operating revenues	<u>2,894,727</u>	<u>631,012</u>	<u>3,525,739</u>	<u>3,257,366</u>
Operating expenses				
Salaries, wages, and benefits	363,673		363,673	375,119
Purchased services	229,186		229,186	253,866
Commodities	24,120		24,120	25,975
Insurance	56,600		56,600	59,200
Sewer maintenance	369,308		369,308	209,140
Waste collection		506,850	506,850	466,403
Bad debts	874	106	980	32,587
Depreciation	770,665		770,665	776,442
Total operating expenses	<u>1,814,426</u>	<u>506,956</u>	<u>2,321,382</u>	<u>2,198,732</u>
Operating income	<u>1,080,301</u>	<u>124,056</u>	<u>1,204,357</u>	<u>1,058,634</u>
Nonoperating revenues (expenses)				
Interest income	1,137	1,239	2,376	220
Interest expense				
Loss on disposal of capital assets	(19,069)		(19,069)	
Total nonoperating revenues (expenses)	<u>(17,932)</u>	<u>1,239</u>	<u>(16,693)</u>	<u>220</u>
Other financing sources (uses)				
Transfers in				
Transfers out	(1,393,710)	(100,000)	(1,493,710)	(982,900)
Total other financing sources (uses)	<u>(1,393,710)</u>	<u>(100,000)</u>	<u>(1,493,710)</u>	<u>(982,900)</u>
Change in net position	(331,341)	25,295	(306,046)	75,954
Total net position beginning of year	<u>14,916,385</u>	<u>546,147</u>	<u>15,462,532</u>	<u>15,386,578</u>
Total net position end of year	<u>\$14,585,044</u>	<u>\$571,442</u>	<u>\$15,156,486</u>	<u>\$15,462,532</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Year ended December 31, 2017

With comparative totals for December 31, 2016

	Business-type activities Enterprise funds			
	Sewer Utility	Nonmajor Enterprise Fund Refuse Utility	Totals	
			2017	2016
Cash flows from operating activities				
Receipts from customers and users	\$2,724,576	\$587,423	\$3,311,999	\$3,034,141
Payments to suppliers	(627,632)	(501,375)	(1,129,007)	(938,870)
Payments to employees	(377,631)		(377,631)	(397,083)
Other	(53,625)	2,818	(50,807)	(47,491)
Net cash provided by operating activities	<u>1,655,688</u>	<u>88,866</u>	<u>1,754,554</u>	<u>1,650,697</u>
Cash flows from noncapital financing activities				
Transfer to other funds	<u>(1,393,710)</u>	<u>(100,000)</u>	<u>(1,493,710)</u>	<u>(982,900)</u>
Net cash provided by (used by) noncapital financing activities	<u>(1,393,710)</u>	<u>(100,000)</u>	<u>(1,493,710)</u>	<u>(982,900)</u>
Cash flows from capital and related financing activities				
Purchase of capital assets	<u>(80,936)</u>		<u>(80,936)</u>	<u>(13,625)</u>
Net cash used by capital and related financing activities	<u>(80,936)</u>	<u>-</u>	<u>(80,936)</u>	<u>(13,625)</u>
Cash flows from investing activities				
Interest received	<u>1,137</u>	<u>1,239</u>	<u>2,376</u>	<u>220</u>
Net cash from investing activities	<u>1,137</u>	<u>1,239</u>	<u>2,376</u>	<u>220</u>
Net increase (decrease) in cash and cash equivalents	192,179	(9,895)	182,284	654,392
Cash and cash equivalents, January 1	<u>1,940,803</u>	<u>306,427</u>	<u>2,247,230</u>	<u>1,592,838</u>
Cash and cash equivalents, December 31	<u>\$2,132,982</u>	<u>\$296,532</u>	<u>\$2,429,514</u>	<u>\$2,247,230</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - CONTINUED

Year ended December 31, 2017

With comparative totals for December 31, 2016

	Business-type activities Enterprise funds			
	Sewer Utility	Nonmajor Enterprise Fund Refuse Utility	Totals	
			2017	2016
Reconciliation of operating income to net cash provided by operating activities				
Operating income	<u>\$1,080,301</u>	<u>\$124,056</u>	<u>\$1,204,357</u>	<u>\$1,058,634</u>
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation expense	770,665		770,665	776,442
Change in assets and liabilities				
Accounts receivable	(166,302)	(40,665)	(206,967)	(178,929)
Accounts payable	(8,393)	5,475	(2,918)	16,288
Customer deposits	3,375		3,375	226
Accrued liabilities	6,513		6,513	(1,751)
Net pension liability	(33,402)		(33,402)	25,308
Deferred inflows	(112)		(112)	(14,080)
Deferred outflows	13,043		13,043	(31,441)
Total adjustments	<u>585,387</u>	<u>(35,190)</u>	<u>550,197</u>	<u>592,063</u>
Net cash provided by operating activities	<u>\$1,665,688</u>	<u>\$ 88,866</u>	<u>\$1,754,554</u>	<u>\$1,650,697</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF FIDUCIARY NET POSITION
COMBINED AGENCY FUNDS

December 31, 2017

With comparative totals for December 31, 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equity in Treasurer's Fund	\$124,920	\$106,465
Total assets	<u>\$124,920</u>	<u>\$106,465</u>
LIABILITIES		
Due to others	\$117,443	\$103,001
Bonds posted escrow	<u>7,477</u>	<u>3,464</u>
Total liabilities	<u>\$124,920</u>	<u>\$106,465</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

The City of Lansing is a municipal corporation governed by an elected mayor and eight-member council. The accompanying financial statements present the City's financial position at December 31, 2017. The accounting and reporting policies of the City of Lansing, Kansas, relating to the funds included in the accompanying financial statements, conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governments, and by the Financial Accounting Standards Board, when applicable. Certain significant accounting policies of the City are described below.

The City's financial statements include the accounts of all City operations. The criteria for including other organizations as component units within the City's reporting entity, as set forth in GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in its own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City of Lansing has no component units.

2. Government-wide and fund financial statements

The government-wide financial statements (i.e., the *Statement of Net Position* and the *Statement of Activities*) report information on all of the nonfiduciary activities of the City of Lansing. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. Measurement focus, basis of accounting, and
financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purposes, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Those revenues susceptible to accrual are sales taxes, franchise taxes, special assessments, investment earnings, and certain Federal and State grants and entitlements. Only sales taxes collected and paid the State at year-end on behalf of the City are recognized as revenue. Licenses, permits, fees for services, and fines are not susceptible to accrual, because generally they are not measurable until received in cash. While property taxes and special assessments are shown on the balance sheet as current assets of the City, they are not recognized as revenue at year-end, because statutory provisions prohibit their use until the year for which they were levied and budgeted. Instead, they are offset by deferred inflows accounts.

The City of Lansing reports the following major governmental funds:

The *general fund* is the main operating fund of the City. This fund is used to account for all financial resources of the City, except those required to be accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the general fund.

The *consolidated street and highway fund*. This fund is used for the construction, reconstruction, alteration, repair and maintenance of the streets and highways of the City.

The *debt service fund* is used to account for the accumulation of financial resources for the payment of principal, interest, and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the debt service fund is reserved, to signify that amounts are restricted exclusively for debt service expenditures.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The City of Lansing reports the following major proprietary funds:

The *sewer utility fund* provides accountability for all phases of operation and maintenance of the City's public sewer system.

The City reports the following types of nonmajor governmental funds:

Special revenue funds are used to account for the proceeds of specific revenue resources that are legally restricted to expenditure for specified purposes.

Capital project funds are used to account for the acquisition or construction of major capital assets, other than those financed by the proprietary funds, which are expected to be financed from borrowing or contributions.

The City of Lansing reports the following type of nonmajor proprietary funds:

Enterprise fund is used for activities which are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Additionally, the City reports the following fund type:

Fiduciary funds are used to account for resources that are held by the government as a trustee or as agent for parties outside the government and that cannot be used to support the City's own programs. The City of Lansing has no fiduciary trust funds, but maintains three fiduciary agency funds. Agency funds are custodial in nature (assets equal liabilities), and do not involve measurement of results of operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Assets, liabilities, and net assets or equity

a. Deposits and investments

The City of Lansing considers *cash and cash equivalents* to be cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition.

The City maintains and administers a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is included on the combined balance sheet or statement of net assets as *Cash and equity in Treasurer's fund*.

Kansas statutes authorize the City, with certain restrictions, to deposit or invest directly in temporary notes, no-fund warrants, open accounts, time deposits, certificates of deposit, repurchase agreements, U.S. Treasury bills and notes, and the State's Municipal Investment Pool (MIP). The MIP operates in accordance with applicable State laws and regulations. The reported value of the City's investment in the MIP is the same as the fair value of its pool shares.

Statutes require that collateral, which has a fair market value equal to 100 percent of the investment (less Federally insured amounts), be assigned for the benefit of the City to secure an investment of City funds. The statutes provide for an exception for peak deposit periods during taxpaying time where, for a period of 60 days, the amount of required collateral may be reduced by one-half.

b. Accounts receivable

Accounts receivable are stated net of actual write-offs. The accounts considered uncollectible during each accounting period are eliminated from accounts receivable through the direct write-off method.

Property tax receivables are shown net of an allowance for uncollectible amounts. That allowance is equal to approximately 3 percent of outstanding property taxes at December 31, 2016. Property taxes are levied November 1 on property values assessed as of the previous January 1 as certified by the County Appraiser on June 15 of each year. The tax levy can be paid by property owners in two installment payments. The first half is due on December 20 of the same year, and the second half is due on the following May 10. The payment is considered past due on the day after the due date.

c. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of three years. All such capital assets that are purchased or constructed are valued at historical cost where records are available and at an estimated historical cost where no such records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The City reports its infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements, regardless of their amount.

Capital assets of proprietary funds are capitalized and depreciated over the remaining useful lives of the related assets, as applicable.

Depreciation of the City's capital assets is computed using the straight-line method and the following useful life ranges:

Office equipment	5 years
Machinery	7 - 10 years
Sewer treatment plant and improvements	30 - 40 years
Infrastructure	30 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed when those projects are debt financed. The amount of interest to be capitalized is calculated by netting any investment earnings from unexpended debt proceeds against the related interest expense incurred from the date of debt issuance until completion of the project.

d. Compensated absences

It is the City's policy to permit benefit-eligible employees to accumulate earned but unused annual leave and sick leave benefits. Accumulated and vested annual leave that can be estimated with reasonable accuracy, and which is expected to be liquidated with current, available financial resources, is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested and accumulated annual leave that are not expected to be liquidated with expendable, current financial resources are reported only for governmental funds on the government-wide financial statement. Vested or accumulated annual leave of proprietary funds is recorded as an expense and a liability of those funds at the time the benefits accrue to employees.

In accordance with the provisions of Governmental Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

e. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or those that are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans, which are subject to change.

f. Comparative data

Comparative totals for the prior year are presented in the accompanying financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. The comparative totals appear in the government-wide financial statements and any combining fund level statements.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

g. Prior year data/reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

h. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports pension contributions subsequent to the measurement date, changes in the pension liability proportion and differences between expected and actual experience as deferred outflows of resources in the government activities.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government funds report unavailable revenues from property taxes. Differences between expected and actual experience, net differences between projected and actual investment earnings, changes in assumptions, and changes in the pension liability proportion are reported as deferred inflows for governmental activities. The government-wide statements of net position report only the unavailable revenue for property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE B - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Budgetary information

Kansas state statutes require that an annual operating budget be legally adopted for all governmental fund types, unless specifically exempted by statute. The statutes provide for the following sequence and timetable in the adoption of the City's legal annual operating budget:

- a. Preparation of the proposed budget for the succeeding calendar year, on or before August 1.
- b. Publication in the entity's official, local newspaper of the proposed budget and of the notice of public hearing on the budget, on or before August 5.
- c. Public hearing on or before August 15, but no sooner than ten days after publication of the notice of hearing.
- d. Adoption of the final budget and certification to the office of the relevant County Clerk, on or before August 25.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2017

NOTE B - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued

The statutes allow the governing body to increase the originally adopted budget only for previously unanticipated increases in revenue, other than those attributed to ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the official, local newspaper. No sooner than ten days after publication, the hearing may be held, and the governing body may amend the budget at that time. During the year 2017, there were no amendments to the originally adopted budget.

Under Kansas statutes, management cannot amend the budget without approval of the governing body; however, the statutes permit transferring budgeted amounts between line items within an individual fund or department. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds; i.e., the legal level of budgetary control is the fund level. Budget comparison statements are presented for each budgeted fund, showing actual revenues and expenditures compared to legally budgeted revenues and expenditures.

All legal, annual, operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Normally, revenues are recognized when cash is received, if not susceptible to accruals. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments, which are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute liabilities, because the commitments will be honored during subsequent years.

A legal operating budget is not required for capital projects funds, trust funds, and the following special revenue funds:

Governmental Grants
Park Land Trust

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by other statutes, or by the use of internal spending limits established by the governing body.

2. Excess of expenditures over appropriations

Under Kansas statutes, expenditures are mandated to be controlled, so that no indebtedness is created in excess of budgeted limits. Management is not aware of any statutory violations.

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Deposits and investments

At December 31, 2017, the City had the following investments:

		<u>Maturity</u>
<u>Investments measured by the net asset value (NAV)</u>		
Kansas Municipal Investment Pool	\$3,018,092	Current
Total investments measured by the net asset value (NAV)	<u>\$3,018,092</u>	

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2017

NOTE C - DETAILED NOTES ON ALL FUNDS - Continued

The amount invested in the Kansas Municipal Investment Pool is measured at the net asset value, having an ongoing redemption frequency and liquidity fees or redemption gates are not imposed on any of the investments.

At December 31, 2017, the City had \$3,018,092 invested in the State of Kansas' Municipal Investment Pool. The Kansas Municipal Investment Pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers, commercial paper with A1+/P1 and A1/P1 rating, and AA-/Aa3 minimum rated corporate bonds. The fair value of the City's position in the municipal investment pool is substantially the same as the value of the pool shares.

K.S.A. 9-1401 establishes the depositories which may be used by the City of Lansing. The statute requires banks eligible to hold the City of Lansing's funds have a main or branch bank in the county in which the City of Lansing is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City of Lansing has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City of Lansing's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City of Lansing has no investment policy that would further limit its investment choices. The rating of the City of Lansing's investments is noted above.

Concentration of credit risk. State statutes place no limit on the amount the City of Lansing may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the City of Lansing's deposits may not be returned to it. State statutes require the City of Lansing's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2017.

At year-end, the carrying amount of the City's deposits, including certificates of deposit, was \$3,678,385. The bank balance was \$3,859,330. Of the bank balance, \$250,000 was covered by FDIC insurance and \$3,609,330 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the City, the pledging bank, and the independent third-party bank holding the pledged securities.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2017

NOTE C - DETAILED NOTES ON ALL FUNDS - Continued

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City of Lansing will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

2. Receivables

Receivables at year-end for the government's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including any related allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Debt service</u>	<u>Business- type activities</u>	<u>Nonmajor and other funds</u>	<u>Total</u>
Receivables					
Taxes	\$2,245,115	\$859,693	\$ -	\$246,132	\$3,350,940
Accounts			1,482,818		1,482,818
Gross					
receivables	<u>\$2,245,115</u>	<u>\$859,693</u>	<u>\$1,482,818</u>	<u>\$246,132</u>	<u>\$4,833,758</u>

Revenues of the enterprise funds are reduced by uncollectible amounts when written off.

3. Capital assets

Capital asset activity for the year ended December 31, 2017, was as follows:

Primary Government

	<u>Beginning balances</u>	<u>Increases</u>	<u>Transfers and decreases</u>	<u>Ending balances</u>
Governmental activities				
Nondepreciable capital assets				
Land	\$ 991,774	\$ -	\$ -	\$ 991,774
Construction in progress	4,400,797	2,056,229	(4,359,896)	2,097,130
Total nondepreciable capital assets	<u>5,392,571</u>	<u>2,056,229</u>	<u>(4,359,896)</u>	<u>3,088,904</u>
Depreciable capital assets				
Buildings, improvements, infrastructure	21,696,984		4,359,896	26,056,880
Vehicles	813,714	139,074	(50,735)	902,053
Machinery and equipment	1,645,091	68,796	(56,244)	1,657,643
Total depreciable capital assets	<u>24,155,789</u>	<u>207,870</u>	<u>4,252,917</u>	<u>28,616,576</u>
Less accumulated depreciation	<u>(8,406,350)</u>	<u>(944,483)</u>	<u>106,979</u>	<u>(9,243,854)</u>
Depreciable capital assets, net of accumulated depreciation	<u>15,749,439</u>	<u>(736,613)</u>	<u>4,359,896</u>	<u>19,372,722</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$21,142,010</u>	<u>\$1,319,616</u>	<u>\$ -</u>	<u>\$22,461,626</u>

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2017

NOTE C - DETAILED NOTES ON ALL FUNDS - Continued

	<u>Beginning balances</u>	<u>Increases</u>	<u>Transfers and decreases</u>	<u>Ending balances</u>
Business-type activities				
Nondepreciable capital assets				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress				
Total nondepreciable capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Depreciable capital assets				
Buildings and improvements	22,799,063			22,799,063
Furniture and fixtures	148,746			148,746
Vehicles	299,886		(36,529)	263,357
Machinery and equipment	<u>639,306</u>	<u>80,936</u>	<u>(38,137)</u>	<u>682,105</u>
Total depreciable capital assets	23,887,001	80,936	(74,666)	23,893,271
Less accumulated depreciation	<u>(11,597,546)</u>	<u>(770,665)</u>	<u>55,597</u>	<u>(12,312,614)</u>
Depreciable capital assets, net of accumulated depreciation	<u>12,289,455</u>	<u>(689,729)</u>	<u>(19,069)</u>	<u>11,580,657</u>
Business-type activities capital assets, net of accumulated depreciation	<u>\$12,289,455</u>	<u>\$ (689,729)</u>	<u>\$ (19,069)</u>	<u>\$11,580,657</u>

Depreciation expense was charged to activities as follows:

Governmental activities	
General government	\$110,892
Public Safety	58,099
Public Works	671,244
Culture and Recreation	<u>104,248</u>
Total depreciation expense - Governmental	<u>\$944,483</u>
Business-type activities	
Sewer Utility	<u>\$770,665</u>

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2017

NOTE C - DETAILED NOTES ON ALL FUNDS - Continued

4. Interfund transfers

	Transfer in				
	General fund	Consolidated Street and Highway fund	Debt Service fund	Nonmajor governmental	Total
Transfer out					
General fund	\$ -	\$120,000	\$ -	\$909,357	\$1,029,357
Nonmajor governmental			116,503		116,503
Enterprise funds	100,000		1,393,710		1,493,710
	<u>\$100,000</u>	<u>\$120,000</u>	<u>\$1,510,213</u>	<u>\$909,357</u>	<u>\$2,639,570</u>

In the fund financial statements, total *transfers in* of \$2,639,570 equal the total *transfers out* when combining the transfers of governmental funds, in the amount of \$1,145,860 and those transfers of \$1,493,710 attributable to business-type funds. *Transfers in* consisted of the following:

Equipment Reserve received \$100,000 from the General fund for equipment purchases
General fund received \$100,000 from the Solid Waste fund for reimbursement of salaries
Debt Service fund received \$1,393,710 from the Sewer Utility fund for payment on debt
Debt Service fund received excess funds of \$116,503 from closed capital project
Consolidated Street and Highway fund received \$120,000 from the General fund for maintenance of streets
Capital Improvement fund received \$775,357 from the General fund for street improvements
Special Parks and Recreation fund received \$34,000 from the General fund for park improvements

NOTE D - LONG-TERM DEBT

Following is a detailed listing of the City's long-term debt including temporary notes:

<u>Debt issue</u>	<u>Date issued</u>	<u>Original amount</u>	<u>December 31, 2017 Amount outstanding</u>	<u>Interest rate</u>
Government obligation bonds				
Street and building improvements	2008	\$6,670,000	\$1,045,000	3.75% - 5.00%
Street and sewer improvements	2010	975,000	580,000	2.50% - 3.70%
Refunding	2012B	9,575,000	6,995,000	2.00% - 2.375%
Street and infrastructure improvements and refunding	2015	7,130,000	6,865,000	2.25% - 4.00%

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2017

NOTE D - LONG-TERM DEBT - Continued

<u>Debt issue</u>	<u>Date issued</u>	<u>Original amount</u>	<u>December 31, 2017 Amount outstanding</u>	<u>Interest rate</u>
Street and infrastructure improvements and refunding	2016	\$8,135,000	\$7,495,000	3.00%
Capital lease	2016	126,819	42,268	1.88%
capital lease	2017	113,976	75,102	2.34%

Following is a summary of changes in long-term debt for the year ended December 31, 2017:

<u>Type of issue</u>	<u>Beginning principal balance</u>	<u>Additions to principal</u>	<u>Reductions to principal</u>	<u>Ending principal balance</u>
General obligation bonds				
To be paid with tax levies	\$25,130,000	\$ -	\$2,150,000	\$22,980,000
Original issue premiums	917,196		54,664	862,532
Capital leases	111,234	113,976	107,840	117,370
Compensated absences	155,408		3,640	151,768
Total	<u>\$26,313,838</u>	<u>\$113,976</u>	<u>\$2,316,144</u>	<u>\$24,111,670</u>

Annual debt service requirements to maturity for general obligation bonds:

<u>Year</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2018	\$ 2,220,000	\$ 655,153	\$ 2,875,153
2019	2,280,000	590,218	2,870,218
2020	2,345,000	524,628	2,869,628
2021	2,340,000	456,517	2,796,517
2022	2,175,000	389,158	2,564,158
2023 - 2027	7,235,000	1,148,087	8,383,087
2028 - 2032	2,755,000	452,480	3,207,480
2033 - 2037	1,630,000	124,050	1,754,050
Total	<u>\$22,980,000</u>	<u>\$4,340,291</u>	<u>\$27,320,291</u>

Annual debt service requirements to maturity for the capital leases:

<u>Year</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2018	\$ 79,385	\$2,552	\$ 81,937
2019	37,985	889	38,874
Total	<u>\$117,370</u>	<u>\$3,441</u>	<u>\$120,811</u>

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2017

NOTE E - FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the city is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of December 31, 2016, fund balances for governmental funds are made up of the following:

- *Nonspendable Fund Balance* - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories, prepaid amounts, and long-term notes receivable.
- *Restricted Fund Balance* - includes amounts that can be spent only for the specific purpose stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.
- *Committed Fund Balance* - includes amounts that can only be used for specific purposes determined by a formal action of the City's highest level of decision-making authority, the City's Council. Commitments may be changed or lifted only by the city taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).
- *Assigned Fund Balance* - comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by the City's Council, or a body or official to which the City's Council has delegated the authority to assign amounts to be used for specific purposes.
- *Unassigned Fund Balance* - is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

In circumstances when expenditure is made for a purpose which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Fund balances for all the major and nonmajor governmental funds as of December 31, 2017, were distributed as follows:

	General fund	Consolidated Street and Highway fund	Debt Service fund	Other governmental funds	Total governmental funds
Nonspendable					
Deferred out- flows	\$ 15,175	\$ -	\$ -	\$ -	\$ 15,175
Subtotal	<u>15,175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,175</u>
Restricted					
Public works		451,158			451,158
Culture and recreation				621,902	621,902
Social services				36,070	36,070
Debt service			534,111		534,111
Subtotal	<u>-</u>	<u>451,158</u>	<u>534,111</u>	<u>657,972</u>	<u>1,643,241</u>

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2017

NOTE E - FUND BALANCES - Continued

	General fund	Consolidated Street and Highway fund	Debt Service fund	Other governmental funds	Total governmental funds
Committed	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	-	-	-	-	-
Assigned					
Public works				314,992	314,992
Public safety				242,047	242,047
Subtotal	-	-	-	557,039	557,039
Unassigned	1,717,850	-	-	-	1,717,850
Total fund balances	<u>\$1,733,025</u>	<u>\$451,158</u>	<u>\$534,111</u>	<u>\$1,215,011</u>	<u>\$3,933,305</u>

NOTE F - CONDUIT DEBT OBLIGATIONS

To provide for the construction of a Health Service facility for Midwest Health Services, construction of an apartment complex and for the construction of a Hotel, the City has issued Taxable Industrial Revenue Bonds. These bonds do not constitute a debt or pledge of the faith and credit of the City and, accordingly, have not been reported in the accompanying financial statements.

At December 31, 2017, Taxable Industrial Revenue Bonds outstanding were \$8,320,500.

NOTE G - OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

NOTE H - DEFINED BENEFIT PENSION PLAN

Description of Pension Plan. The City participates in a cost-sharing multiple-employer pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public employees, which includes:
- State/School employees

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2017

NOTE H - DEFINED BENEFIT PENSION PLAN - Continued

- Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the City are included in the Local employees group and the Kansas Police and Firemen group.

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at www.kpers.org.

Benefits. Benefits are established by statute and may only be changed by the State Legislature. Members (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with 10 years of credited service, or whenever a member's combined age and years of service equal 85. Police and Firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service.

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50 percent of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members, and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with 10 years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions. Member contributions are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2017

NOTE H - DEFINED BENEFIT PENSION PLAN - Continued

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2 percent of total payroll for the fiscal year ended June 30, 2017.

The actuarially determined employer contribution rates (not including the 1.0 percent contribution rate for the Death and Disability Program) and the statutory contribution rates are as follows:

	<u>Actuarial employer rate</u>	<u>Statutory employer capped rate</u>
Local government employees	8.46%	8.46%
Police and Firemen	19.03%	19.03%

Member contribution rates as a percentage of eligible compensation for the fiscal year 2016 are 6.00 percent for Local employees and 7.15 percent for Police and Firemen.

Employer Allocations. Although KPERS administers one cost-sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

The allocation percentages for the City's share of the collective pension amounts as of December 31, 2017, are based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal years ended December 31, 2017.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2017, the City's proportion for the Local employees group was .110 percent, which was no change from its proportion measured at June 30, 2016. At June 30, 2017, the City's proportion for the Police and Firemen group was .176 percent, which was a decrease of .005 percent from its proportion measured at June 30, 2016.

Net Pension Liability. At December 31, 2017 and 2016, the City reported a liability of \$3,246,876 and \$3,389,212, respectively, for its total proportionate share of the net pension liability for the Local and Police and Firemen groups.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2017

NOTE H - DEFINED BENEFIT PENSION PLAN - Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017, using the following actuarial assumptions:

<u>Assumptions</u>	<u>Rate</u>
Price inflation	2.75%
Wage inflation	3.50%
Salary increases, including wage increases	3.50% to 12.00%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	7.75%

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males and Females, with adjustments to better match actual experience. Separate tables apply for males and females as well as each group (State, School, Local, KP&F, and Judges).

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, are summarized in the following table:

<u>Asset</u>	<u>Long-term allocation</u>	<u>Long-term expected real rate of return</u>
Global Equity	47.00%	6.80%
Fixed Income	13.00%	1.25%
Yield driven	8.00%	6.55%
Real Return	11.00%	1.71%
Real estate	11.00%	5.05%
Alternatives	8.00%	9.85%
Short-term investments	2.00%	(0.25)%
	<u>100.00%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State, School, and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years.

Employers contribute the full actuarial determined rate for Police and Firemen, and Judges. Future employer contribution rates were also modeled for Police and Firemen and Judges, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2017

NOTE H - DEFINED BENEFIT PENSION PLAN - Continued

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75 percent) or 1-percentage point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Discount rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Local	\$2,297,706	\$1,595,387	\$1,003,360
Police and Firemen	<u>2,342,884</u>	<u>1,651,496</u>	<u>1,072,704</u>
Total	<u>\$4,640,590</u>	<u>\$3,246,883</u>	<u>\$2,076,064</u>

Pension Expense. For the year ended December 31, 2017, the City recognized Local pension expense of \$146,398 and Police and Firemen pension expense of \$230,496, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for Local and Police and Firemen groups from the following sources:

<u>Local</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between actual and expected experience	\$ 7,716	\$ 55,165
Net differences between projected and actual earnings on investments	50,044	
Changes in assumptions	85,918	11,666
Changes in proportion	1,744	36,003
Employer contributions subsequent to the measurement date	<u>88,167</u>	
Total	<u>\$233,589</u>	<u>\$102,834</u>
<u>Police and Firemen</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between actual and expected experience	\$ 79,835	\$12,354
Net differences between projected and actual earnings on investments	61,181	
Changes in assumptions	115,321	7,380
Changes in proportion	29,492	62,128
Employer contributions subsequent to the measurement date	<u>83,827</u>	
Total	<u>\$369,656</u>	<u>\$81,862</u>

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2017

NOTE H - DEFINED BENEFIT PENSION PLAN - Continued

The City reported \$171,994 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Local</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Year ended December 31,		
2018	\$133,279	\$ 21,273
2019	45,113	21,273
2020	45,113	21,273
2021	(5,422)	34,899
2022	15,506	4,116
Thereafter		
	<u>\$233,589</u>	<u>\$102,834</u>
 <u>Police and Firemen</u>		
Year ended December 31,		
2018	\$164,690	\$16,891
2019	80,863	16,891
2020	80,863	16,891
2021	21,879	25,816
2022	21,361	5,373
Thereafter		
	<u>\$369,656</u>	<u>\$81,862</u>

NOTE I - TAX ABATEMENTS

The City of Lansing participates in a Neighborhood Revitalization tax abatement program authorized by 1994 Senate Bill 732. This program abates 95 percent of the incremental tax generated from certain residential improvements for five years. In addition, certain commercial and industrial properties improvements can be abated through this program by up to 95 percent for the first six years and up to 75 percent for years seven through ten. The commercial and industrial abatement varies based on the total increase in assessed valuations. Currently, 17 properties are participating in this program and tax rebated for those properties during 2017 was \$81,090 (2016 Tax) estimated rebates for 2018 is \$65,786 (2017 Tax). Tax must be paid in full at which time rebate checks are issued. The following abatements exceeded the 10 percent quantitative threshold for individual disclosure:

<u>Address</u>	<u>Purpose</u>	<u>Duration</u>	<u>Abatement %</u>	<u>Remaining duration</u>	<u>Amounts rebated in 2017</u>
484 N. Main Street	Commercial and Industrial Improvement	10 Years	95% to 20%	4 Years	\$10,515
237 N. Main Street	Commercial and Industrial Improvement	10 Years	95% to 20%	9 Years	9,746

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2017

NOTE I - TAX ABATEMENTS - Continued

<u>Address</u>	<u>Purpose</u>	<u>Duration</u>	<u>Abatement %</u>	<u>Remaining duration</u>	<u>Amounts rebated in 2017</u>
925 W. Eisenhower Road	Commercial and Industrial Improvement	10 Years	95% to 75%	1 Year	\$34,692

In addition, the City has designated a redevelopment district "Lansing Towne Center" in which certain tax abatement may be negotiated for a development of that area. To date, no taxes have been abated for this designated redevelopment area.

NOTE J - SUBSEQUENT EVENTS

The City has evaluated all subsequent events through May 29, 2018, the date the financial statements were available to be issued.

NOTE K - CONTINGENCIES

The City is party to various claims and legal actions arising in the ordinary course of business. The City maintains adequate insurance coverage for such claims.

CITY OF LANSING, KANSAS
 COMBINING BALANCE SHEET
 OTHER NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2017

	Special Revenue Funds	Capital Project Funds	Total other nonmajor governmental Funds
ASSETS			
Cash and equity in Treasurer's fund	\$668,480	\$567,850	\$1,236,330
Property taxes receivable	<u>246,132</u>		<u>246,132</u>
Total assets	<u>\$914,612</u>	<u>\$567,850</u>	<u>\$1,482,462</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 2,398	\$ 10,811	\$ 13,209
Salaries and wages payable	<u>8,110</u>		<u>8,110</u>
Total liabilities	<u>10,508</u>	<u>10,811</u>	<u>21,319</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred receivable - property taxes	<u>246,132</u>	<u>-</u>	<u>246,132</u>
FUND BALANCES			
Restricted	657,972		657,972
Assigned		<u>557,039</u>	<u>557,039</u>
Total fund balances	<u>657,972</u>	<u>557,039</u>	<u>1,215,011</u>
Total liabilities and fund balances	<u>\$914,612</u>	<u>\$567,850</u>	<u>\$1,482,462</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 OTHER NONMAJOR GOVERNMENTAL FUNDS
 Year ended December 31, 2017

	Special Revenue Funds	Capital Project Funds	Total other nonmajor governmental Funds
Revenues			
Taxes	\$432,889	\$ -	\$ 432,889
Intergovernmental	25,434	205,858	231,292
Interest	2,127	1,894	4,021
Other	107,020	57,620	164,640
Total revenues	<u>567,470</u>	<u>265,372</u>	<u>832,842</u>
Expenditures			
General government	121,908	6,329	128,237
Public safety		21,962	21,962
Public works		1,182,991	1,182,991
Culture and recreation	444,735	35,505	480,240
Construction and engineering		2,056,228	2,056,228
Total expenditures	<u>566,643</u>	<u>3,303,015</u>	<u>3,869,658</u>
Excess (deficit) of revenues over expenditures	<u>827</u>	<u>(3,037,643)</u>	<u>(3,036,816)</u>
Other financing sources (uses)			
Transfers in	34,000	875,357	909,357
Transfers out		(116,503)	(116,503)
Total other financing sources (uses)	<u>34,000</u>	<u>758,854</u>	<u>792,854</u>
Net change in fund balances	34,827	(2,278,789)	(2,243,962)
Fund balances at beginning of year	<u>623,145</u>	<u>2,835,828</u>	<u>3,458,973</u>
Fund balances at end of year	<u>\$657,972</u>	<u>\$ 557,039</u>	<u>\$1,215,011</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 December 31, 2017
 With comparative totals for December 31, 2016

	Transient Guest Tax	Mayor's Christmas	Special Alcoholic Liquor	Special Parks and Recreation	Library	KS Regional Prisons Museum	Sales Tax (\$.45)
ASSETS							
Cash and equity in Treasurer's fund	\$79,736	\$10,938	\$36,070	\$266,669	\$ 79,424	\$137,781	\$36,282
Property taxes receivable					246,132		
Total assets	<u>\$79,736</u>	<u>\$10,938</u>	<u>\$36,070</u>	<u>\$266,669</u>	<u>\$325,556</u>	<u>\$137,781</u>	<u>\$36,282</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 125	\$ -	\$ -	\$ 1,100	\$ 1,173	\$ -	\$ -
Salaries and wages payable					8,110		
Deferred inflows							
Total liabilities	<u>125</u>	<u>-</u>	<u>-</u>	<u>1,100</u>	<u>9,283</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred receivable - property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,132</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Restricted	<u>79,611</u>	<u>10,938</u>	<u>36,070</u>	<u>265,569</u>	<u>70,141</u>	<u>137,781</u>	<u>36,282</u>
Total fund balances	<u>79,611</u>	<u>10,938</u>	<u>36,070</u>	<u>265,569</u>	<u>70,141</u>	<u>137,781</u>	<u>36,282</u>
Total liabilities and fund balances	<u>\$79,736</u>	<u>\$10,938</u>	<u>\$36,070</u>	<u>\$266,669</u>	<u>\$325,556</u>	<u>\$137,781</u>	<u>\$36,282</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE - CONTINUED
 December 31, 2017
 With comparative totals for December 31, 2016

	Park Land Trust	Totals	
		2017	2016
ASSETS			
Cash and equity in Treasurer's fund	\$21,580	\$668,480	\$636,679
Property taxes receivable		246,132	294,093
Total assets	<u>\$21,580</u>	<u>\$914,612</u>	<u>\$930,772</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 2,398	\$ 11,164
Salaries and wages payable		8,110	6,512
Total liabilities	<u>-</u>	<u>10,508</u>	<u>17,676</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred receivable, property taxes		246,132	289,951
FUND BALANCES			
Restricted	21,580	657,972	623,145
Total fund balances	<u>21,580</u>	<u>657,972</u>	<u>623,145</u>
Total liabilities and fund balances	<u>\$21,580</u>	<u>\$914,612</u>	<u>\$930,772</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 Year ended December 31, 2017
 With comparative totals for December 31, 2016

	Transient Guest Tax	Mayor's Christmas	Special Alcoholic Liquor	Special Parks and Recreation	Library	KS Regional Prisons Museum	Sales Tax (\$.45)
Revenues							
Taxes	\$ 89,946	\$ -	\$ -	\$ -	\$306,661	\$ -	\$36,282
Intergovernmental			10,834	10,834	3,766		
Interest	125		87	1,182	148	585	
Other	24,135	2,621		70,474	9,611	179	
Total revenues	114,206	2,621	10,921	82,490	320,186	764	36,282
Expenditures							
General government	119,742	2,166					
Public safety							
Culture and recreation				156,149	274,966		
Total expenditures	119,742	2,166	-	156,149	274,966	-	-
Excess (deficit) of revenues over (under) expenditures	(5,536)	455	10,921	(73,659)	45,220	764	36,282
Other financing sources (uses)							
Transfers in				34,000			
Transfers out							
Total other financing sources (uses)	-	-	-	34,000	-	-	-
Net change in fund balances	(5,536)	455	10,921	(39,659)	45,220	764	36,282
Fund balances at beginning of year	85,147	10,483	25,149	305,228	24,921	137,017	
Fund balances at end of year	\$ 79,611	\$10,938	\$36,070	\$265,569	\$ 70,141	\$137,781	\$36,282

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE - CONTINUED

Year ended December 31, 2017
 With comparative totals for December 31, 2016

	Park Land Trust	Totals	
		2017	2016
Revenues			
Taxes	\$ -	\$432,889	\$319,272
Intergovernmental		25,434	29,857
Interest		2,127	228
Other		107,020	122,794
Total revenues	-	567,470	472,151
Expenditures			
General government		121,908	136,031
Public safety			1,167
Culture and recreation	13,620	444,735	333,054
Total expenditures	13,620	566,643	470,252
Excess (deficit) of revenues over (under) expenditures	(13,620)	827	1,899
Other financing sources (uses)			
Transfers in		34,000	34,000
Transfers out			
Total other financing sources (uses)	-	34,000	34,000
Net change in fund balances	(13,620)	34,827	35,899
Fund balances at beginning of year	35,200	623,145	587,246
Fund balances at end of year	\$21,580	\$657,972	\$623,145

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 Year ended December 31, 2017
 With comparative totals for December 31, 2016

	<u>Equipment Reserve</u>	<u>Police Equipment Reserve</u>	<u>Capital Improvement fund</u>	<u>Sewer</u>	<u>Totals</u>	
					<u>2017</u>	<u>2016</u>
ASSETS						
Cash and equity in Treasurer's fund	<u>\$199,652</u>	<u>\$42,395</u>	<u>\$71,594</u>	<u>\$254,209</u>	<u>\$567,850</u>	<u>\$435,695</u>
Total assets	<u>\$199,652</u>	<u>\$42,395</u>	<u>\$71,594</u>	<u>\$254,209</u>	<u>\$567,850</u>	<u>\$435,695</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$10,811</u>	<u>\$ -</u>	<u>\$ 10,811</u>	<u>\$ 25,468</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>10,811</u>	<u>-</u>	<u>10,811</u>	<u>25,468</u>
FUND BALANCES						
Committed						
Assigned	<u>199,652</u>	<u>42,395</u>	<u>60,783</u>	<u>254,209</u>	<u>557,039</u>	<u>410,227</u>
Total fund balances	<u>199,652</u>	<u>42,395</u>	<u>60,783</u>	<u>254,209</u>	<u>557,039</u>	<u>410,227</u>
Total liabilities and fund balances	<u>\$199,652</u>	<u>\$42,395</u>	<u>\$71,594</u>	<u>\$254,209</u>	<u>\$567,850</u>	<u>\$435,695</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 Year ended December 31, 2017
 With comparative totals for December 31, 2016

	Equipment Reserve	Police Equipment Reserve	Capital Improvement Fund	Sewer	Totals	
					2017	2016
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	324		231	1,339	1,894	52
Intergovernmental			205,858		205,858	178,450
Other	31,870	11,202	14,548		57,620	56,022
Total revenues	32,194	11,202	220,637	1,339	265,372	234,524
Expenditures						
General government	6,329				6,329	7,225
Public safety	21,962				21,962	23,858
Public works	67,755		1,115,236		1,182,991	781,078
Culture and recreation	21,414		14,091		35,505	
Construction and engineering				2,056,228	2,056,228	
Total expenditures	117,460	-	1,129,327	2,056,228	3,303,015	812,161
Excess (deficit) of revenues over (under) expenditures	(85,266)	11,202	(908,690)	(2,054,889)	(3,037,643)	(577,637)
Other financing sources (uses)						
Transfers in	100,000		775,357		875,357	800,495
Transfers out				(116,503)	(116,503)	(31,915)
Total other financing sources (uses)	100,000	-	775,357	(116,503)	758,854	768,580
Net change in fund balances	14,734	11,202	(133,333)	(2,171,392)	(2,278,789)	190,943
Fund balances at beginning of year	184,918	31,193	194,116	2,425,601	2,835,828	219,284
Fund balances at end of year	\$199,652	\$42,395	\$ 60,783	\$ 254,209	\$ 557,039	\$ 410,227

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
DEBT SERVICE FUND
Year ended December 31, 2017

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u> <u>positive</u> <u>(negative)</u>
Revenues				
Taxes	\$1,168,195	\$1,168,195	\$1,206,592	\$ 38,397
Interest	10	10	1,825	1,815
Total revenues	<u>1,168,205</u>	<u>1,168,205</u>	<u>1,208,417</u>	<u>40,212</u>
Expenditures				
Principal - bonds	2,190,000	2,190,000	2,150,000	40,000
Interest and commissions	<u>722,584</u>	<u>722,584</u>	<u>731,976</u>	<u>(9,392)</u>
Total expenditures	<u>2,912,584</u>	<u>2,912,584</u>	<u>2,881,976</u>	<u>30,608</u>
Excess (deficit) of revenues over expenditures	<u>(1,744,379)</u>	<u>(1,744,379)</u>	<u>(1,673,559)</u>	<u>70,820</u>
Other financing sources (uses)				
Bond issuance costs			(3,000)	(3,000)
Transfer in	<u>1,422,828</u>	<u>1,422,828</u>	<u>1,510,213</u>	<u>87,385</u>
Total other financing sources (uses)	<u>1,422,828</u>	<u>1,422,828</u>	<u>1,507,213</u>	<u>84,385</u>
Net change in fund balance	(321,551)	(321,551)	(166,346)	155,205
Beginning fund balance	<u>521,551</u>	<u>521,551</u>	<u>700,457</u>	<u>178,906</u>
Ending fund balance	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 534,111</u>	<u>\$334,111</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
TRANSIENT GUEST TAX FUND
Year ended December 31, 2017

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u>
				<u>positive</u>
				<u>(negative)</u>
Revenues				
Taxes	\$ 95,000	\$ 95,000	\$ 89,946	\$(5,054)
Interest	10	10	125	115
Other	<u>17,500</u>	<u>17,500</u>	<u>24,135</u>	<u>6,635</u>
Total revenues	<u>112,510</u>	<u>112,510</u>	<u>114,206</u>	<u>1,696</u>
Expenditures				
General government	<u>180,054</u>	<u>180,054</u>	<u>119,742</u>	<u>60,312</u>
Excess (deficit) of revenues over expenditures	(67,544)	(67,544)	(5,536)	62,008
Beginning fund balance	<u>67,544</u>	<u>67,544</u>	<u>85,147</u>	<u>17,603</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,611</u>	<u>\$ 79,611</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
MAYOR'S CHRISTMAS FUND
Year ended December 31, 2017

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u>
				<u>positive</u>
				<u>(negative)</u>
Revenues				
Other	\$3,500	\$3,500	\$ 2,621	\$ (879)
Expenditures				
General government	<u>7,783</u>	<u>7,783</u>	<u>2,166</u>	<u>5,617</u>
Excess (deficit) of revenues				
over expenditures	(4,283)	(4,283)	455	4,738
Beginning fund balance	<u>4,283</u>	<u>4,283</u>	<u>10,483</u>	<u>6,200</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$10,938</u>	<u>\$10,938</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
SPECIAL ALCOHOLIC LIQUOR FUND
Year ended December 31, 2017

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u>
				<u>positive</u>
				<u>(negative)</u>
Revenues				
Intergovernmental revenue	\$10,628	\$10,628	\$10,834	\$ 206
Interest	<u>5</u>	<u>5</u>	<u>87</u>	<u>82</u>
Total revenues	10,633	10,633	10,921	288
Expenditures				
Public safety	<u>32,148</u>	<u>32,148</u>	<u> </u>	<u>32,148</u>
Excess (deficit) of revenues				
over expenditures	(21,515)	(21,515)	10,921	32,436
Beginning fund balance	<u>21,515</u>	<u>21,515</u>	<u>25,149</u>	<u>3,634</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$36,070</u>	<u>\$36,070</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
SPECIAL PARKS AND RECREATION FUND
Year ended December 31, 2017

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u> <u>positive</u> <u>(negative)</u>
Revenues				
Intergovernmental revenue	\$ 10,628	\$ 10,628	\$ 10,834	\$ 206
Interest	50	50	1,182	1,132
Other	<u>71,550</u>	<u>71,550</u>	<u>70,474</u>	<u>(1,076)</u>
Total revenues	82,228	82,228	82,490	262
Expenditures				
Culture and recreation	<u>379,872</u>	<u>379,872</u>	<u>156,149</u>	<u>223,723</u>
Excess (deficit) of revenues over expenditures	(297,644)	(297,644)	(73,659)	
Other financing sources				
Transfer in	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>	
Net change in fund balance	(263,644)	(263,644)	(39,659)	223,985
Beginning fund balance	<u>263,644</u>	<u>263,644</u>	<u>305,228</u>	<u>41,584</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$265,569</u>	<u>\$265,569</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
LIBRARY FUND

Year ended December 31, 2017

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u>
				<u>positive</u>
				<u>(negative)</u>
Revenues				
Taxes	\$297,391	\$297,391	\$306,661	\$ 9,270
Intergovernmental	3,000	3,000	3,766	766
Interest	10	10	148	138
Other	<u>5,200</u>	<u>5,200</u>	<u>9,611</u>	<u>4,411</u>
Total revenues	305,601	305,601	320,186	14,585
Expenditures				
Culture and recreation	<u>324,696</u>	<u>324,696</u>	<u>274,966</u>	<u>49,730</u>
Excess (deficit) of revenues over expenditures	(19,095)	(19,095)	45,220	64,315
Beginning fund balance	<u>19,095</u>	<u>19,095</u>	<u>24,921</u>	<u>5,826</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,141</u>	<u>\$70,141</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
KS REGIONAL PRISONS MUSEUM FUND
Year ended December 31, 2017

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u>
				<u>positive</u>
				<u>(negative)</u>
Revenues				
Interest	\$ -	\$ -	\$ 585	\$ 585
Other	100	100	179	79
Total revenues	<u>100</u>	<u>100</u>	<u>764</u>	<u>664</u>
Expenditures				
Culture and recreation	<u>137,118</u>	<u>137,118</u>	<u>-</u>	<u>137,118</u>
Excess (deficit) of revenues				
over expenditures	(137,018)	(137,018)	764	137,782
Beginning fund balance	<u>137,018</u>	<u>137,018</u>	<u>137,017</u>	<u>(1)</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$137,781</u>	<u>\$137,781</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
SALES TAX (\$.45) FUND
Year ended December 31, 2017

	Budgeted amounts		Variance with final budget	
	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>amounts</u>	<u>positive</u> <u>(negative)</u>
Revenues				
Taxes	\$ -	\$ -	\$36,282	\$36,282
Expenditures				
General government	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Excess (deficit) of revenues over expenditures	-	-	36,282	36,282
Beginning fund balance	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$36,282</u>	<u>\$36,282</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
SEWER

From inception and for the year ended December 31, 2017

	<u>2017</u>	Inception to December 31, <u>2017</u>
Total project authorization		<u>\$6,619,844</u>
Revenues		
Interest	\$ 1,339	\$ 1,339
Total revenues	<u>1,339</u>	<u>1,339</u>
Expenditures		
Construction and engineering	2,056,228	6,444,950
Miscellaneous		<u>12,075</u>
Total expenditures	<u>2,056,228</u>	<u>6,457,025</u>
Excess of revenues over expenditures (expenditures over revenues)	<u>(2,054,889)</u>	<u>(6,455,686)</u>
Other financing sources (uses)		
Proceeds - general obligation bonds		2,350,000
Proceeds - temporary notes		4,450,000
Original issue premium		58,523
Other costs of issuance		(32,125)
Transfers out	<u>(116,503)</u>	<u>(116,503)</u>
Total other financing sources (uses)	<u>(116,503)</u>	<u>6,709,895</u>
Net change in fund balance	(2,171,392)	<u>\$ 254,209</u>
Fund balance at beginning of year	<u>2,425,601</u>	
Fund balance at end of year	<u>\$ 254,209</u>	

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 December 31, 2017
 With comparative totals for December 31, 2016

	<u>Bonds posted</u>	<u>Hillbrook Subdivision</u>	<u>Facilities Renovation</u>	<u>Totals</u>	
				<u>2017</u>	<u>2016</u>
ASSETS					
Cash and equity in Treasurer's fund	<u>\$7,477</u>	<u>\$20,109</u>	<u>\$97,334</u>	<u>\$124,920</u>	<u>\$106,465</u>
Total assets	<u>\$7,477</u>	<u>\$20,109</u>	<u>\$97,334</u>	<u>\$124,920</u>	<u>\$106,465</u>
LIABILITIES					
Due to others	\$ -	\$20,109	\$97,334	\$117,443	\$103,001
Bonds posted escrow	<u>7,477</u>			<u>7,477</u>	<u>3,464</u>
Total liabilities	<u>\$7,477</u>	<u>\$20,109</u>	<u>\$97,334</u>	<u>\$124,920</u>	<u>\$106,465</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 December 31, 2017

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
BONDS POSTED FUND				
ASSETS				
Cash and equity in Treasurer's fund	\$ 3,464	\$501,171	\$497,158	\$ 7,477
Total assets	<u>\$ 3,464</u>	<u>\$501,171</u>	<u>\$497,158</u>	<u>\$ 7,477</u>
LIABILITIES				
Due to others	\$ -	\$ -	\$ -	\$ -
Bonds posted escrow	<u>3,464</u>	<u>549,047</u>	<u>545,034</u>	<u>7,477</u>
Total liabilities	<u>\$ 3,464</u>	<u>\$549,047</u>	<u>\$545,034</u>	<u>\$ 7,477</u>
HILLBROOK SUBDIVISION FUND				
ASSETS				
Cash and equity in Treasurer's fund	\$20,000	\$ 109	\$ -	\$20,109
Total assets	<u>\$20,000</u>	<u>\$ 109</u>	<u>\$ -</u>	<u>\$20,109</u>
LIABILITIES				
Due to others	\$20,000	\$ 109	\$ -	\$20,109
Total liabilities	<u>\$20,000</u>	<u>\$ 109</u>	<u>\$ -</u>	<u>\$20,109</u>
FACILITIES RENOVATION FUND				
ASSETS				
Cash and equity in Treasurer's fund	\$83,001	\$ 36,738	\$ 22,405	\$97,334
Total assets	<u>\$83,001</u>	<u>\$ 36,738</u>	<u>\$ 22,405</u>	<u>\$97,334</u>
LIABILITIES				
Due to others	\$83,001	\$ 36,738	\$ 22,405	\$97,334
Total liabilities	<u>\$83,001</u>	<u>\$ 36,738</u>	<u>\$ 22,405</u>	<u>\$97,334</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
December 31, 2017

With comparative totals for December 31, 2016

	<u>2017</u>	<u>2016</u>
Governmental funds capital assets by category		
Land	\$ 991,774	\$ 991,774
Buildings, improvements, infrastructure	26,056,880	21,696,984
Vehicles	902,053	813,714
Machinery and equipment	1,657,643	1,645,091
Construction in progress	<u>2,097,130</u>	<u>4,400,797</u>
Total governmental funds capital assets	<u>\$31,705,480</u>	<u>\$29,548,360</u>
Investments in governmental funds capital assets by source		
General fund	\$ 8,218,765	\$ 3,831,107
Special revenue funds	21,389,585	21,316,456
Capital project funds	<u>2,097,130</u>	<u>4,400,797</u>
Total governmental funds capital assets	<u>\$31,705,480</u>	<u>\$29,548,360</u>

The notes to the financial statements are an integral part of these statements.